

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 IGA-01 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 PA-01 PRS-01 PC-01 /096 W

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R 081249Z AUG 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9741

INFO AMEMBASSY PORT OF SPAIN

AMCONSUL CURACAO

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E.O. 11652: N/A

TAGS: ENRG PINT VE

SUBJECT: EX-PRESIDENT BETANCOURT SPEAKS IN SENATE ON OIL NATIONAL-  
ZATION

REF CARACAS 8105

SUMMARY. ON AUG 6 FORMER PRESIDENT BETANCOURT MADE HIS MUCH-AWAITED SPEECH IN THE SENATE IN SUPPORT OF THE GOV VERSION OF THE PETROLEUM NATIONALIZATION BILL. MOST OF THE SUBSTANCE OF HIS SPEECH WAS A DEFENSE OF ARTICLE 5, ALTHOUGH HE DID REVEAL THAT THE GOV IS DISCUSSING WITH THE OIL COMPANIES THREE-YEAR, RENEWABLE "TECHNICAL COOPERATION" CONTRACTS. DEBATE IN THE SENATE NOW IS EXPECTED TO PROCEED ROUTINELY, WITH FINAL CONGRESSIONAL APPROVAL OF THE NATIONALIZATION LAW EXPECTED IN THE THIRD WEEK OF AUG. END SUMMARY.

1. EX-PRESIDENT AND LIFE SENATOR ROMULO BETANCOURT ADDRESSED THE SENATE FOR TWO HOURS ON AUG 6 CONCERNING THE  
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PETROLEUM NATIONALIZATION BILL. BETANCOURT REVIEWED AT LENGTH THE

HISTORY OF THE EXPLOITATION OF PETROLEUM IN VENEZUELA AND DEFENDED HIS OWN AND ACCION DEMOCRATICA'S RECORDS IN DEVELOPING AND PROTECTING VENEZUELA'S OIL RESOURCES.

2. BETANCOURT NOTED THAT A NUMBER OF ASSOCIATION AGREEMENTS HAD BEEN ENTERED INTO BETWEEN ARAB COUNTRIES AND PRIVATE PETROLEUM COMPANIES, AND DECLARED HIS SUPPORT OF ARTICLE 5 WHICH, HE RECALLED, PERMITS EITHER OPERATING CONTRACTS WITH THE HOLDING COMPANY OR ASSOCIATION AGREEMENTS WITH IT, BUT WITH THE LATTER REQUIRING CONGRESSIONAL AUTHORIZATION. BETANCOURT ASSERTED THAT HE DOES NOT CONCEIVE HOW ASSOCIATION AGREEMENTS COULD BECOME "A SYMPTOM OF ENTREGUISMO."

3. BETANCOURT STATED THAT THE MINISTRY OF MINES HAD BEEN HOLDING TALKS WITH THE OIL COMPANIES ABOUT COMPENSATION, WHICH, HE SAID, MUST BE REASONABLE SINCE "HERE IT IS NOT A MATTER OF CONFISCATION." BETANCOURT SAID THAT DURING THE TALKS WITH THE OIL COMPANIES "NOT A WORD HAD BEEN SAID ABOUT ASSOCIATION AGREEMENTS, ONLY ABOUT TECHNICAL COOPERATION FOR THREE YEARS BY CONTRACTS WHICH COULD BE RENEWED."

4. BETANCOURT SAID VENEZUELA HAS ENOUGH TRAINED PERSONNEL TO RUN THE NATIONALIZED INDUSTRY AND SAID THE DIRECTORS OF THE HOLDING COMPANY-- METNIONING BY NAME RAFAEL ALFONSO RAVARD, JULIO SOSA RODRIGUEZ, JOSE MARTORANO AND JULIO CESAR ARREAZA--HAD BEEN CAREFULLY CHOSEN. HE SAID THE GOV WOULD TAKE CARE TO AVOID "BUREAUCRATIZATION AND ADMINISTRATIVE IMMORALITY" IN THE OPERATION OF THE NATIONALIZED PETROLEUM INDUSTRY.

5. BETANCOURT RECALLED THAT IN 1974 THE SOVIET UNION HAD SIGNED AGREEMENTS WITH US AND JAPANESE OIL COMPANIES TO EXPLORE AND PRODUCE NATURAL GAS IN SIBERIA. IF THE SOVIET UNION IS DOING THAT, HE ASKED, WHY SHOULD VENEZUELA WORRY ABOUT TALKING WITH PRIVATE COMPANIES WHEN NECESSARY TO DO SO TO SOLVE MARKETING AND REFINING PROBLEMS AND EVEN TO EXPLORE THE ORINOCO TAR BELT?

6. BETANCOURT SUGGESTED THAT THE GOV SHOULD EXPLORE RATHER THAN EXPLOIT THE ORINOCO TAR BELT. HE WENT ON TO SAY THAT "THIS GOVERNMENT IS CONSERVATIONIST, WHY THEN IS IT GOING TO BE INTERESTED IN LIMITED OFFICIAL USE

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EXPLOITING THE BELT? BY THAT TIME PRESIDENT PEREZ WILL HAVE LEFT MIRAFLORES.....THERE WILL BE OTHER PRESIDENTS."

7. BETANCOURT CLOSED WITH AN APPEAL THAT DEBATE IN THE SENATE ON THE NATIONALIZATION BILL BE "LESS ACRIMONIOUS" THAN IN THE CHAMBER OF DEPUTIES, AND EXPRESSED CONFIDENCE THAT VENEZUELAN WILL ACT RESPONSIBLY IN THE NATIONALIZATION PROCESS.

8. AFTER BETANCOURT'S SPEECH THE SENATE VOTED TO COMMENCE ITS SESSIONS AT 10:00AM. IN ORDER TO SPEED CONSIDERATION OF THE BILL AND ENSURE ITS PASSAGE BY AUG 25, WHEN THE PRESENT SESSION OF CONGRESS IS SCHEDULED TO END.

9. COMMENT: THERE CONTINUES TO BE A GOOD DEAL OF CONFUSION ABOUT ARTICLE 5 AND THE FUTURE RELATIONSHIP WITH THE COMPANIES. WHAT BETANCOURT WAS SAYING WAS THAT THE COMPANIES WOULD NOT GET MANAGEMENT CONTRACTS OR PARTICIPATION AGREEMENTS. BUT HE DID NOT DEFINE "TECHNICAL COOPERATION", WHICH MAY WELL TURN OUT TO MEAN CONSIDERABLY MORE THAN JUST TECHNOLOGICAL SUPPORT.

10. NOW THAT THE TWO EX-PRESIDENTS HAVE HAD THEIR SAY, SENATE CONSIDERATION OF THE BILL IS EXPECTED TO PROCEED ROUTINELY, WITH FINAL APPROVAL PERHAPS COMING IN THE THIRD WEEK OF AUG.  
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## Message Attributes

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